



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor  
Ted Stewart  
Executive Director  
Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

May 18, 1998

FEDERAL EXPRESS OVERNIGHT MAIL  
Tracking #: 1557169806

Lauren Cooper  
Senior Portfolio Assistant  
Energy Industries Division  
US Bank National Association  
918 Seventeenth Street, CNBB 0300  
Denver, Colorado 80202

Re: Certificate of Deposit Account No. - SMX of Utah (Dakota Mining), Goldstrike  
Mine, M/053/005, Washington County, Utah

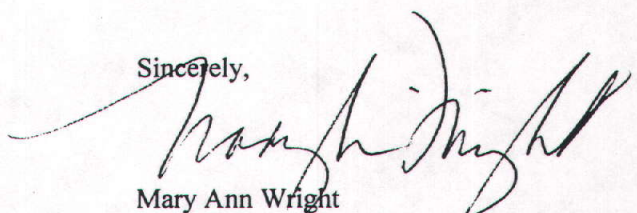
Dear Ms. Cooper:

Enclosed is the original \$800,000 Certificate of Deposit (CD) which is made payable to the Utah State Division of Oil, Gas and Mining and the U.S. Department of the Interior, Bureau of Land Management (BLM), to insure final reclamation of USMX of Utah, Inc.'s Goldstrike Mine. This Division, the BLM and USMX of Utah, Inc. have agreed upon a surety forfeiture agreement (copy attached) authorizing the Division to cash the CD so that the funds may be used to complete the reclamation of the Goldstrike Mine.

A telefaxed copy of a letter from the BLM authorizing the cashing of the \$800,000 CD is also attached. The BLM will forward the original copy of their letter to your office by U.S. Mail. Because time is of critical importance in this matter, we request that you please cut a cashier's check for the balance of the CD and overnight the check back to our office by overnight courier. Please use a Federal Express air mailing service and bill our FedEx account number 1. The BLM has authorized us to hold and manage the funds on their behalf.

If you have questions or require additional information from the Division, please contact me or D. Wayne Hedberg at (801) 538-5306, and 538-5286 respectively. Thank you for your assistance in this regard.

Sincerely,

  
Mary Ann Wright  
Acting Division Director

jb  
Attachments: Original CD #      rfeiture agreement; BLM facsimile letter  
cc: Joe Kircher, USMX of Utah, Denver Office  
Jim Crisp, Manager, Dixie RA, BLM  
o:\usmx-cd.let





**UNITED STATES DEPARTMENT OF THE  
INTERIOR**

**BUREAU OF LAND MANAGEMENT**

**DIXIE RESOURCE AREA**

**345 E. Riverside Drive**

**St. George, Utah 84790**

Phone (435)688-3200 • Fax (435)688-3252

In reply refer to:  
3809  
UTU-68572  
(UT-045)

May 18, 1998

Lauren Cooper  
Senior Portfolio Assistant  
Energy Industries Division  
US Bank National Association  
918 Seventeenth Street, CNBB 0300  
Denver, Colorado 80202

Re: Certificate of Deposit Account No. - USMX of Utah (Dakota Mining),  
Goldstrike Mine, M/053/005, Washington County, Utah

Dear Ms. Cooper:

The U.S. Dept. of Interior Bureau of Land Management, Dixie Resource Area, the Utah Division of Oil, Gas, and Mining, and USMX of Utah, Inc. have agreed upon a surety forfeiture agreement. This agreement authorizes the Division to cash the above referenced CD so the funds may be used to complete the reclamation of the Goldstrike Mine. A telefaxed copy this letter authorizing the cashing of the CD will be attached to the Division request for payment. The BLM will forward the original copy of their letter to your office by U.S. Mail.

The BLM has authorized the Division to hold and manage the funds on their behalf, per a signed Memorandum of Understanding between the two agencies.

If you have any further questions, please contact me at 435-688-3205.

Sincerely,

Larry Clore  
Acting Area Manager



**COLORADO NATIONAL BANK**  
Denver Private Banking

MEMBER FDIC

BANK/BRANCH NO: 288/ 215

**CERTIFICATE OF DEPOSIT  
AGREEMENT & RECEIPT**  
NON-TRANSFERABLE

<b>DEPOSITOR(S) NAME AND ADDRESS</b>  STATE OF UTAH DIVISION OF OIL AND GAS AND US DEPT. OF INTERIOR, BLM USMX OF UTAH, INC.  3 TRIAD CENTER, SUITE 350  SALT LAKE CITY UT 841801203	<b>ACCOUNT NO:</b>  ACCOUNT NUMBER  AUTOMATICALLY RENEWABLE  THIS CERTIFICATE WILL AUTOMATICALLY RENEW AT MATURITY.
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SOCIAL SECURITY NO:

DATE OF DEPOSIT: 12/06/95

INTEREST RATE: 3.50000%

DEPOSIT AMOUNT: \$800,000.00

ANNUAL PERCENTAGE YIELD: 3.55%

YOUR ACCOUNT WILL MATURE ON: 03/06/96

YOUR ACCOUNT WILL MATURE IN: 3 MONTHS

☒ INTEREST WILL BE COMPOUNDED AND CREDITED at maturity

☐ INTEREST WILL BE PAID OUT \_\_\_\_\_ BY ☐ CHECK  
☐ TRANSFER TO \_\_\_\_\_

**ACCOUNT TERMS**

- \* The interest rate and annual percentage yield for your account are indicated at the top of this document. You will be paid this rate until the maturity date of the certificate. The annual percentage yield assumes interest remains on deposit until maturity. A withdrawal will reduce earnings. The interest rate on your account may be adjusted upon renewal. Interest begins to accrue on the business day you deposit noncash items (e.g., checks). We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.
- \* This account will automatically renew at maturity. You will have a grace period of ten (10) calendar days from the maturity date to withdraw funds without penalty. Interest will be paid during this ten (10) day period if the amount withdrawn is deposited in another time certificate at this bank. The bank may upon not less than 30 days written notice elect to call this certificate for payment on a maturity date.
- \* This certificate is an agreement to keep funds on deposit with the bank until the current maturity date. Except as required by law, withdrawal prior to maturity will be permitted only with the consent of the bank which may only be given at the time of withdrawal.
- \* Except as Prohibited by law, we will impose a penalty if you withdraw any of the deposited funds before the maturity date. The penalty will be assessed on the amount withdrawn. The fee imposed will equal: Three (3) months interest on accounts with terms less than one (1) year; Six (6) months interest on accounts with terms one (1) year or greater.
- \* You may not make deposits into your account until the maturity date. You may make partial withdrawals from your account prior to maturity; however, except as prohibited by law, we will impose the early withdrawal penalty on the amount withdrawn. The minimum withdrawal amount is \$1,000. If a withdrawal is made, your remaining balance must meet minimum opening balance requirements. Partial withdrawals are not allowed on accounts with balances \$100,000 and over.
- \* This deposit is not transferable. This certificate may not be paid to any person other than the named depositor(s). Any person requesting payment of this certificate will be required to establish to the satisfaction of the bank, that (s)he is the depositor.



**SETTLEMENT AGREEMENT BETWEEN  
UTAH DIVISION OF OIL, GAS & MINING AND USMX OF UTAH, INC.**

**STATEMENT OF FACTS:**

USMX of Utah, Inc., (USMX) is the owner and operator of the Goldstrike Mine (Site) located in Washington County, Utah.

It is the mutual objective of the Utah Division of Oil, Gas & Mining (UDOGM), the U.S. Department of the Interior, Bureau of Land Management (BLM) and USMX to successfully reclaim the Site in a timely and cost effective manner.

A reclamation and closure plan for the Site has been designed and submitted by USMX and its consultants for approval by UDOGM and the BLM.

USMX has a detailed understanding of the Site, a thorough knowledge of the requirements for closure, and an experienced management team to carry out the plan.

USMX is financially unable at this time to execute the approved reclamation plan on its own.

USMX has posted cash performance bonds of approximately \$1,014,000 pledged to insure Site reclamation.

**TERMS OF SETTLEMENT:**

USMX agrees to voluntarily surrender all its cash reclamation bonds and its letters of credit to UDOGM.

UDOGM agrees to use the funds from the cash reclamation bonds and its letters of credit to reclaim the Site.

Pursuant to the terms and conditions of the existing joint agency Memorandum of Understanding between UDOGM and the BLM, UDOGM will act as the lead agent in coordinating and managing the forfeited reclamation sureties for this project.

USMX will continue to provide management and oversight, in the capacity as a vendor to UDOGM, responsible for completing the reclamation of the Site in 1998 according to the closure plan.

The budget and schedule (attached as Appendices A-1 and A-2) will be the basis for billings and tracking progress. It is understood that the exact timing of expenditures and tasks may vary depending on when work commences, weather and contractor billing practices.

USMX will provide invoices with supporting documentation to UDOGM on a bi-weekly basis.



Page 2  
Settlement Agreement  
USMX and DOGM

UDOGM will make payment to USMX no later than thirty days following receipt of invoices.

UDOGM will appoint a representative who will be consulted by USMX regarding any material decisions or modifications effecting the budget, schedule or closure plan.

USMX will provide written bi-weekly progress reports to UDOGM's designated representative.

UDOGM has the right at its sole discretion to discharge USMX at any time, with two weeks notice and settlement of all outstanding invoices.

If any monies remain from the bond after post closure they would be returned to USMX.

The effective date of this settlement is May 18, 1998.

Agreed to this 15<sup>th</sup> day of May, 1998.

Joe G. Kircher  
Joe G. Kircher, Vice President of Operations  
USMX of Utah, Inc.  
Tax payer ID #

STATE OF Colorado)  
COUNTY OF Adams)

On the 15<sup>th</sup> day of May, 1998, personally appeared before me J. G. Kircher, who being by me duly sworn did say that he, the said J. G. Kircher is the Vice President of Operations of USMX of Utah, Inc. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said J. G. Kircher duly acknowledged to me that said company executed the same.

Kayron L. McCoy  
Notary Public  
Residing at: Westminster Co.

Sept. 23, 1998  
My Commission Expires:

KAYRON MCCOY  
Notary Public, State of Colorado  
County of Adams  
Commission Expires Sept. 23, 1998



Page 3  
Settlement Agreement  
USMX and DOGM

Agreed to this 15 day of May, 1998.

Lowell P. Braxton  
Lowell P. Braxton, Acting Director  
Utah Division of Oil, Gas and Mining

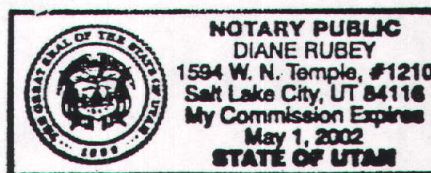
STATE OF Utah )  
COUNTY OF Salt Lake )

On the 15 day of May, 1998, personally  
appeared before me Lowell P. Braxton, who being by me duly sworn did  
say that he, the said Lowell P. Braxton is the Acting Director  
of Division of Oil, Gas and Mining and duly acknowledged  
that said instrument was signed on behalf of said company by authority of its bylaws or a  
resolution of its board of directors and said Lowell P. Braxton  
duly acknowledged to me that said company executed the same.

Diane Rubey  
Notary Public

Residing at: Salt Lake City

May 1, 2002  
My Commission Expires:





APPENDIX A-1

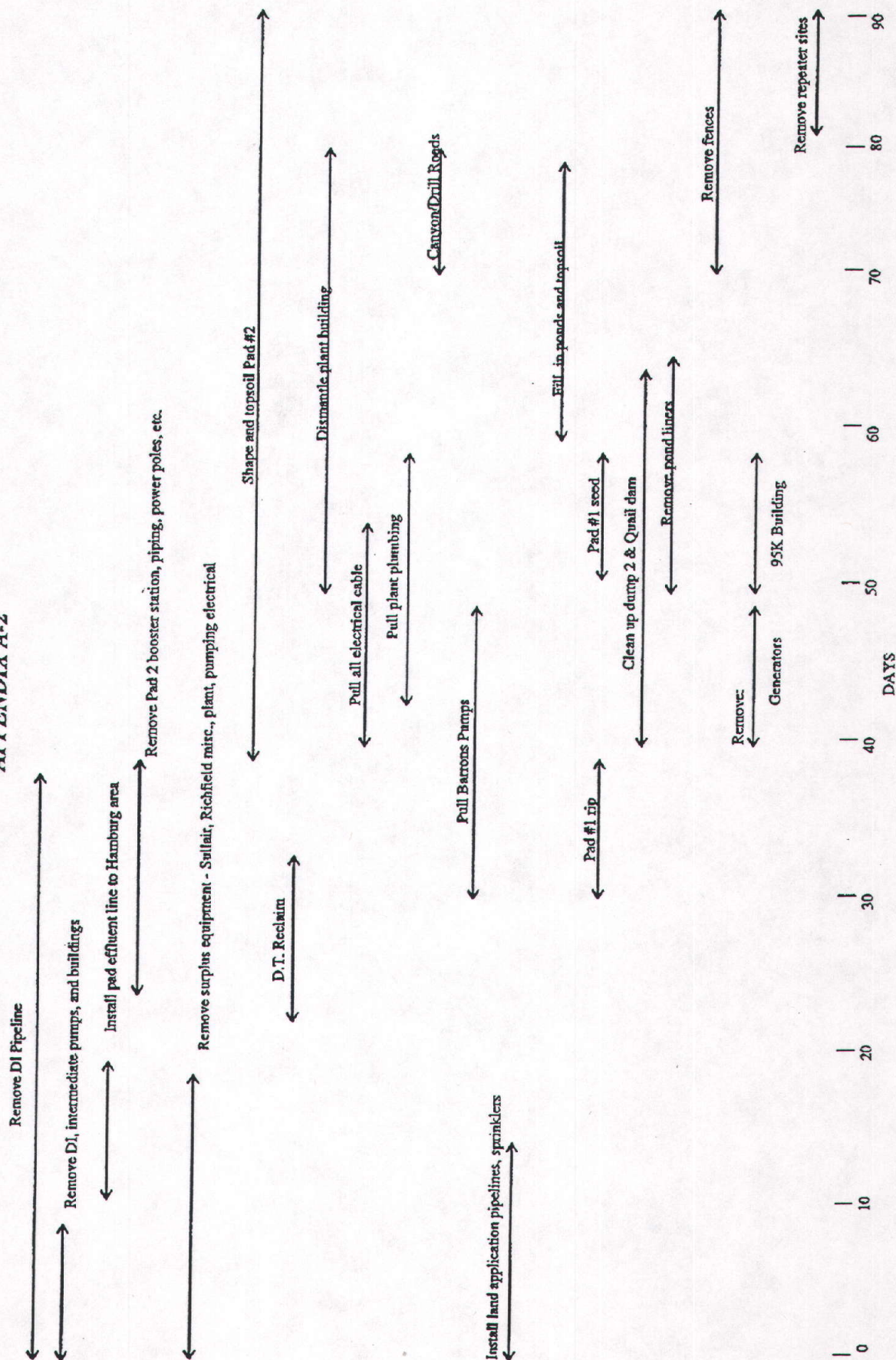
GOLDSTRIKE MINE - 1998 Reclamation/Closure Budget

Description	May	June	July	August	September	October	November	December	Totals
Freight/Postage	\$ 50	\$ 100	\$ 100	\$ 200	\$ 100				\$ 550
Corporate G&A	2,000	4,000	4,000	4,000	4,000				\$ 18,000
Wages Admin	5,600	11,200	11,200	11,200	11,200	11,200	4,600	1,500	\$ 67,700
Completion Incentive	-	-	-	-	-	45,000	-	-	\$ 45,000
Supplies	200	400	400	400	400	400			\$ 2,200
Vehicle Maintenance	750	1,500	1,500	1,500	1,500				\$ 6,750
Communications	250	500	500	500					\$ 1,750
General Insurance	250	500	500	500	500	500			\$ 2,750
Travel Expense	1,250	1,250	1,250	1,250	1,250	1,250	1,250	250	\$ 9,000
Property Tax									\$ -
Environmental Tests	1,250	2,500	2,500	2,500	2,500	2,500	2,500	2,000	\$ 18,250
Safety Supplies	50	100	100	100	100				\$ 450
Out/Services	50	100	100	100	100				\$ 450
Temps	1,500	6,500	6,500	6,500	6,500				\$ 27,500
Diesel	1,500	2,000	2,000	2,000	2,000	2,000	1,000		\$ 12,500
Plant Decomm				10,000	10,000				\$ 20,000
Pad 1 Rip			20,000						\$ 20,000
Pad 2 Shape		100,000	110,000	70,000					\$ 280,000
Infiltration Gallery		10,000							\$ 10,000
Pad 2 Topsoil				40,000	70,000				\$ 110,000
Ponds Decomm			1,000	10,000	10,000				\$ 21,000
Canyon/Beaver						8,000			\$ 8,000
Padre Road					5,000				\$ 5,000
Plan/Pad Ripping					12,000				\$ 12,000
Pad 2/Plant Revegetation						40,000	10,000		\$ 50,000
Force Acct.			8,000	8,000	8,000				\$ 32,000
Dozer Misc.					15,000				\$ 30,000
Drill Roads						49,000			\$ 49,000
Nol/JBR Consultants		10,000		5,000		10,000			\$ 25,000
Security		2,000	2,000	2,000					\$ 6,000
Equipment Storage	200	400	400	400	400	400	400		\$ 2,600
Dump 1 Revegetation			15,000						\$ 15,000
Contingency		4,000	15,000	15,000	15,000	15,000			\$ 64,000
Totals	\$ 14,900	\$ 157,050	\$ 202,050	\$ 191,150	\$ 175,550	\$ 208,250	\$ 19,750	\$ 3,750	\$ 972,450

*JP*  
6/15/98



# GOLDSTRIKE PROJECT TIME LINE APPENDIX A-2





**FILED**

BEFORE THE BOARD OF OIL, GAS AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH

MAY 1 5 1998  
SECRETARY, BOARD OF  
OIL, GAS & MINING

—00000—

IN THE MATTER OF AN  
EMERGENCY ORDER ISSUED BY  
THE DIRECTOR OF THE DIVISION OF  
OIL, GAS AND MINING CONCERNING  
THE GOLDSTRIKE MINE, M/053/005,  
WASHINGTON COUNTY, UTAH.

STIPULATION, MOTION AND  
ORDER

Docket No. 98-010  
Cause No. M/053/005

—00000—

In the above captioned matter, the Director of the Division of Oil, Gas and Mining issued an Emergency Order directing the operators of the Goldstrike Mine to immediately provide assurances of USMX of Utah Inc.'s ("USMX") ability to conduct safe operations and begin necessary reclamation of the Goldstrike Mine site which is located in portions of Sections 16, 17, 19, 20, 21 and 30, Township 39 South, Range 18 West, and a portion of Section 25, Township 39 South, Range 19 West, Salt Lake Base Meridian ("SLBM"), Washington County, Utah. USMX has been unable to satisfactory respond to this Emergency Order. For the purposes of preventing a time consuming and unnecessary litigation in this matter, the Division of Oil, Gas and Mining and USMX enter into the following Stipulation, Motion and Order.

**STIPULATION**

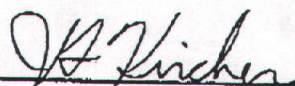
The Division and USMX HEREBY STIPULATE AND AGREE TO THE FOLLOWING  
ORDER:



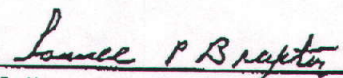
1. USMX and the Division agree to comply with the certain settlement agreement ("Exhibit A").
2. Nothing in this Stipulation or the certain settlement agreement shall be construed as releasing USMX from any statutory or regulatory requirement created by the Utah Mined Land Reclamation Act or any other applicable law.
3. Each party will bear its own costs and attorneys' fees in this action.
4. For all purposes, a party's signature in a faxed copy of this stipulation shall be deemed the equivalent of a signed original.

AGREED TO this 15<sup>th</sup> day of May 1998.

USMX OF UTAH, INC

  
BY: Joe G. Kircher, Vice President, Operations

DIVISION OF OIL, GAS AND MINING

 5/15/98  
BY: Lowell P. Braxton, Acting Director

#### MOTION

The Division of Oil, Gas & Mining and USMX request that the Board issue an Order consistent with the above Stipulation.



**ORDER**

Having read the STIPULATION, MOTION AND ORDER submitted by the Division of Oil, Gas and Mining ("Division") and USMX of Utah Inc., in the above-referenced matter, for good cause, the Utah Board of Oil, Gas and Mining hereby grants the Motion based on the foregoing Stipulation and adopts the Stipulation as a Board Order.

GRANTED this 18th day of May, 1998.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING



Dave D. Lauritski, Chairman